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IDAHO PUBLIC
UTILITIES COMMISSION

July 20, 2013
Commission Secretary
Idaho Public Utilities Commission
472 Washington Street
P.O. Box 83720-0074
Boise, ID 83720-0074

Petition for Reconsideration

Case No. IPC-E-12-27
Order No. 32846

Introduction

I have two Idaho Power Co. accounts that are net metered with small hydro power. Due to the consistent nature of small hydro operations, net excess energy is produced at these net metered locations. This net excess energy is converted to dollar amounts. I also developed, operate, and am a part owner of a hydro-electric project (FERC #6271) that sells its electrical production to Idaho Power Co. through a PURPA contract.

I feel that the intent of the net metered tariffs No. 29 and earlier was two-fold. First, the intent was to foster energy independence and innovations, and second was to provide a chance for Idaho Power customers to generate some or all of their own electrical needs, and receive financial benefit for their extra energy contribution fed back to the grid.

The Idaho Public Utilities Commission (IPUC) and Idaho Power Co. (IPCO) should be applauded for the success of this net metering program. The program has almost met the initial 2.9 megawatt goal, is simple to implement and understand, and straight-forward in regards to laws and regulations. Idaho Power representative Scott Gates has been a great person to co-ordinate the program and deal with. The program has provided financial incentives for Idaho Power customers to invest in renewable energy.

I agree with most portions of IPUC Order No. 32846 except for the portion dealing with excess net energy which I feel is unreasonable.

Order No 32846 is Unreasonable

When I was investigating the merit and feasibility of net-metering my small hydro, I asked Idaho Power Co. if excess net energy measured at a net metered location could be used at my other Idaho Power Co. service locations. The answer was that Idaho Power Company's accounting system was not set up to "move" excess the KWH to another service location or locations. It was simpler to convert the excess KWH to a dollar amount that the customer could then use to pay the accounts at their other service locations. Myself and others built and interconnected their net metered systems to move the net excess energy with dollars. Within three miles of my net metered locations, I have five other service locations and accounts. This time of year with high irrigation demands, a lot of the 'net excess' is consumed at my other service locations. The conversion of net excess KWH →Dollars→ payments at other service locations is working. IPUC Order No. 32846 does not address how I can use the net energy produced at my net metered locations at my other IPCO service locations, or how I can be compensated for net excess energy. I feel this portion of Order No. 32846 is **flawed and unreasonable**.

Order No. 32846 is Erroneous

Idaho Power Co. and the Idaho Public Utilities Commission continue to state that small scale power producers can sell excess energy production via a PURPA contract. The net metering program which these customers designed their facilities for does not hold the financial, legal, and insurance requirements that the alternative PURPA route holds. For those who produce more KWH than is consumed, Order No. 32846 puts some Idaho Power net metered customers into a no-win bind. By asking these customers to contribute power by an alternative means, Idaho Power Co. is sending these customers down a path which is difficult, will cost tens of thousands of dollars, and take years to complete. Without the additional requirements of a PURPA contract, most Idaho Power net metering customers are already concerned about recouping their current financial investments.

Several issues stand in the way of a PURPA contract being viable for small facilities. I will take as an example my residential net metered hydro installation. This facility produces a maximum gross 18 KW (out of a 25KW name-plate rating). In order to market the power through a PURPA contract, the facility has to secure the blessings from the Federal Energy Regulatory Commission (FERC), through either a FERC license or an exemption from license. This can be a long, daunting process, as Idaho Power Co. knows, and there is no guarantee that all of the Environmental/Endangered Species/Land Use/Fish and Game/Historical/Tribal or other issues can be resolved to secure a license or exemption from license. Even with the new 'streamlined' FERC process, FERC themselves will tell project developers of a small facility to expect a cost of $50,000 and a time frame of at least 3 years. This FERC hurdle has to be cleared before Idaho Power Co. will consider any serious contract negotiations. Small scale net-metered projects have not had to meet this FERC requirement.

Idaho Power Co./IPUC-approved power sales agreements require up front and on-going 'baggage' costs. Insurance requirements for all contracts ($1,000,000 general liability co-naming Idaho Power Co.) are considered <u>utility</u> insurance policies and are extremely expensive. For first time policies, most agents I have contacted quote $5,000 per year. For levelized rate contracts, additional machinery break-down and business interruption, coverage is required. These insurance requirements can cost another $2,000 per year, bring insurance costs upward of $7,000 per year.

Net meter customers are not bound by any insurance requirements, but typically carry home-owner's insurance.

Engineering Certifications are required by power sales agreements to show that the facility components can meet the requirements of the contract. The <u>minimum</u> engineering fees I have knowledge of was $2,500 (as of 20 years ago, not a current rate).

Interconnection fees paid to Idaho Power Co. depend upon the location and required equipment. A facility study fee is usually also required. Because of the extremely wide variables, interconnection costs are difficult to predict without an analysis from Idaho Power Co.

Amortizing the FERC costs over 10 years equates to a $5,000 annual cost. Amortizing the Engineering Certification over 10 years equates to a $250 annual cost. Add insurance cost in (and leaving the unknown interconnecting costs out), the PURPA contract costs on an annual basis run from $10,250 per year to $12,250 per year. Assuming that my 18KWH hydro can run 90% of the time (18KW x 8760 hrs/year x 90%) = 142,000 KWH per year. The PURPA contract costs alone on an 18 KW hydro plant producing almost constantly is 7.2¢ to 8.4¢ per KWH. These high PURPA contract costs are in addition to operating, maintenance, and capital costs.

PURPA contracts are not economically feasible for small scale net metered size facilities. The PUC **is erroneous** in their position that small scale net meter size producer should market their power through a rate 86 tariff. I am willing to provide more in-depth economic feasibility of the difference between PURPA contract and net metered costs on net-meter size facilities.

Net metering and receiving compensation for excess net energy is the best viable option for small, net-metered sized power producers. Net metered customers have invested a large amount of time, money, and effort to maximize the potential of their projects. I am concerned that Idaho Power customers will lose incentive to develop small renewable projects if the net excess energy portion of IPUC Order No. 32846 is not changed.

PUC Order No. 32846 will financially damage me because of the changes the order makes to the excess net energy portion of the net metering tariff.

Alternative Ideas

I think that current net metered customers should be grandfathered to the conditions of net meter tariff No. 29 for a period of 10 years to allow these net metered customers the opportunity to recover their investments in their renewable energy projects. Idaho Power's current inequities in the pricing system are not significant numerically, and their implied reason behind Order No. 32486 was because the current provisions will not be sustainable for future facilities. However, they should be able to accommodate grandfathering their existing customers and enforce Order No. 32846 for new accounts.

Recognizing that Idaho Power Co. feels that they have un-compensated transmission and distribution losses associated with excess net energy, I could support a proposal that excess net energy payments be subject to reasonable metering losses. Such losses are recognized in IPUC approved power sales agreements.

As a third idea, perhaps net excess energy credits created by net metered customers' facilities could be offered for sale to other Idaho Power customers for their electrical service bills.

Closing Statement

I am available and willing to work with PUC staff for the re-consideration of PUC Order No. 32846.

Sincerely,

Stan Standal

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